



MARYLAND COMMISSIONER OF FINANCIAL REGULATION INDUSTRY ADVISORY REGULATORY GUIDANCE



August 7, 2020

Financial Institutions Parity or the “Wildcard” Statute

During the 2020 session, the General Assembly passed [Senate Bill 15](#) which becomes effective on October 1, 2020, and makes changes to Md. Code Ann., Financial Institutions (“FI”) § 5-504. As of that date, FI § 5-504 will provide that Maryland state-chartered banks shall provide the Commissioner of Financial Regulation (“Commissioner”) with [written notice](#) at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. The application change simplifies the process for Maryland state-chartered banks seeking to exercise powers that are authorized to national banks.

Summary

Currently, a Maryland state-chartered bank may apply to the Commissioner for approval to engage in any additional activity, service or other practice that national banking associations may engage in under federal law, subject to the Commissioner determining that the approval: (1) is reasonably required to protect the welfare of Maryland’s general economy and of banking institutions, or (2) is not detrimental to the public interest or to banking institutions. The Commissioner’s approval must impose the same conditions that federal law requires or permits as to national banking associations.

With the changes that go into effect on October 1, 2020, FI § 5-504 will provide that Maryland state-chartered banks are no longer required to apply, but shall provide the Commissioner with written notice, at least 45 calendar days before engaging in any activity, service, or other practice authorized under federal law, but not expressly authorized under Maryland law. The written notice must include a description of the proposed activity, service, or other practice, including:

- (1) the specific authority relied upon;
- (2) any condition that federal law requires or allows with respect to national banking associations; and
- (3) identification of any known instances of national banks exercising the federally authorized power in Maryland.

Banks may begin to perform the activity, service, or other practice on the first business day after the 45th calendar day from the date the Office of the Commissioner of Financial Regulation (“OCFR”) receives the required notice unless the Commissioner:

- (1) specifies a different date; or
- (2) prohibits the activity, service, or other practice.

The Commissioner may extend the 45-day period under the law if it is determined that the bank's notice requires additional information or additional time for analysis.

The OCFR retains its power to prohibit a banking institution from performing the activity, service, or other practice described in the notice if it determines that the same would:

- (1) adversely affect the safety and soundness of the banking institution;
- (2) be detrimental to the welfare of the general economy of the State; or
- (3) be detrimental to the public interest or to banking institutions.

Contact

For questions about this advisory, please contact Michelle A. Denoncourt, Assistant Commissioner, Corporate Activities by phone at (410) 230-6104 or by email at michelle.denoncourt@maryland.gov.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's banking and financial services regulatory agency. For more information, please visit our website at <https://www.labor.maryland.gov/finance>.



Office of the Commissioner of Financial Regulation